BILLY J. WILLIAMS, OSB #90136
United States Attorney
District of Oregon
HOLLY R. McLEAN, OSB #843923
holly.mclean@ogc.usda.gov
Special Assistant United States Attorney
1220 S.W. Third Ave., Room 310
Portland, Oregon 97204
Telephone: 503-808-5968
Facsimile: 503-808-5977
Attorneys for USDA, Farm Services Agency

UNITED STATES BANKRUPTCY COURT
District of Oregon

In re	)	Case No. 16-34221-dwh11
Patricia Lynn Hayden	)	
	)	OBJECTION TO SECOND AMENDED
	)	DISCLOSURE STATEMENT (RHS)
Debtor.	)	
____________________________	)	

The Rural Housing Service (RHS) of the United States Department of Agriculture, objects to the second amended disclosure statement filed by the debtor in this case on March 7, 2017, for the following reasons:

1. Debtor incorrectly classifies RHS as an unimpaired creditor. Debtor is attempting to modify the terms and conditions of her obligation to RHS. Therefore, her treatment of RHS meets the definition of 11 USC 1124.

2. Debtor incorrectly describes servicing options to which RHS single family loan borrowers may qualify for. See 7 CFR 3550.201 and following, and RHS Handbook HB-2-3550, Chapter 5, https://www.rd.usda.gov/files/3550-2chapter05.pdf. Debtor is not eligible for forgiveness of interest, Handbook HB-2-3550, Chapter 5.5, F, 2. Debtor incorrectly describes when interest credit subsidy is collected. See 7 CFR 3550.162. Interest credit subsidy only comes due when the real property is sold by the borrower, there is a foreclosure sale of the real

property, or the debtor no longer lives in the residence. 7 CFR 3550.162(a). Accordingly collection of interest credit subsidy has not been triggered at this time and should not be subject to modification under a Chapter 11 plan.

3. RHS filed a proof of claim in this case in the amount of $262,385.11. Debtor values the real property in her schedules at $279,000. RHS is a fully secured creditor. Any Chapter 11 plan must pay the amounts owing in full.

WHEREFORE RHS requests that approval of the second amended disclosure statement be denied, and such other relief as the court may deem just and equitable.

DATED this 23rd day of March, 2017.

BILLY J. WILLIAMS
United States Attorney
District of Oregon

/s/ Holly R. McLean
Holly R. McLean
Special Assistant United States Attorney
Oregon State Bar No. 842923
Attorney for Rural Housing Service, USDA

CERTIFICATE OF SERVICE

I certify that on March 23, 2017 a copy of this objection to second amended disclosure statement was served on the debtor by mailing a copy to her at

Patricia Hayden
P.O Box 64
North Plains, OR 97133

A copy of this this objection to second amended disclosure statement was served electronically through the **ECF/CM** system, a true and correct copy to all attorneys registered to receive electronic service in this case, including the United States Trustee.

/s/ Holly R. McLean
Signature

Holly R. McLean
Printed Name